

Message Text

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ACTION TRSE-00

INFO OCT-01 AF-10 EUR-12 EA-07 ISO-00 EB-07 CIAE-00
DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05
PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00
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FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 4392
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TOKYO

C O N F I D E N T I A L KINSHASA 6181

E.O. 11652: GDS
TAGS: PFOR, EFIN, EAID, CG
SUBJECT: RESPONSE TO MOBUTU'S CALL FOR A "MARSHALL PLAN"

REF: A) BRUSSELS 6662; B) PARIS 17472; C) KINSHASA 4067; D) KIN-
SHASA 5758; E) STATE 147927

1. SUMMARY: CONSULTATIVE GROUP OFFERS MOST EFFECTIVE FRAMEWORK FOR
AID TO ZAIRE. MOBUTU'S CALL FOR "MARSHALL PLAN" PROBABLY REFLECTS
HIS DESIRE NOT ONLY TO CAPITALIZE ON INTERNATIONAL SUPPORT ALREADY
ENGENDERED BY SHABA INVASION BUT AT SAME TIME AVOID PERFORMANCE
CRITERIA, IMPOSED BY THE IBRD, AND IMF. TRADITIONAL DONORS NEED TO
STICK BY IBRD/IMF PROGRAMS AND HELP ZAIRE DEVELOP WORTHWHILE PRO-
JECTS, PARTICULARLY IN AGRICULTURE. FIRST TEST OF ABILITY OF
DONORS/CREDITORS TO HOLD LINE WILL BE JULY PARIS CLUB MEETING.
END SUMMARY.

2. EMBASSY WISHES TO OFFER THE FOLLOWING THOUGHTS ON MOBUTU'S RE-
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QUEST TO FRENCH AND BELGIANS FOR THE "MARSHALL PLAN" FOR ZAIRE:
A. THE MACHINERY FOR MORE EFFECTIVE (AND HOPEFULLY INCREASED) AS-
SISTANCE TO ZAIRE IS IN PLACE IN THE FORM OF THE IBRD CHAIRED CON-
SULTATIVE GROUP (CG). ZAIRE'S PARTICIPATION IN THIS FORUM IS A
MAJOR ACHIEVEMENT AND WE HAVE BEEN PLEASED WITH THE RESULTS OF
THE JUNE 8-10 CG MEETINGS. ONE OF THE ADVANTAGES OF THE CG FRAME-
WORK IS THAT IT DOES FORCE THE ZAIRIANS TO "FACE UP TO THE NEED

FOR SENSIBLE INTERNAL ECONOMIC POLICIES." (REF A).

B. ANY MULTI-LATERAL ASSISTANCE PROGRAMS UNDER LEADERSHIP OF A SINGLE COUNTRY COULD BE JEOPARDIZED BY FEARS OF OTHER DONORS THAT "LEADER" WOULD COMPROMISE THEIR INTERESTS AND GAIN POLITICAL POINTS OR COMMERCIAL ADVANTAGE WITH MONEY OF OTHERS. MOBUTU HIMSELF HAS ENCOURAGED THESE FEARS WITH HIS HINTS THAT FRENCH WILL GAIN COMMERCIAL ADVANTAGES IN RETURN FOR THEIR MILITARY ASSISTANCE DURING THE SHABA WAR.

C. IBRD LEADERSHIP, IN CONTRAST, WOULD BE POLITICALLY NEUTRAL AND IBRD RESOURCES AND TECHNICAL COMPETENCE ARE CLEAR ASSETS. FURTHER, IBRD IS BETTER PLACED THAN ANY INDIVIDUAL GOVERNMENT TO TAKE A FIRM LINE IN INSISTING THAT ASSISTANCE BE USED RATIONALLY AND COMPLEMENTED BY APPROPRIATE GOZ ECONOMIC POLICIES.

D. IN FACT, DISTASTE WITH IBRD AND IMF PRESSURE FOR IMPROVED PERFORMANCE MAY WELL BE THE PRINCIPAL REASON WHY MOBUTU BYPASSED THESE TWO AGENCIES AND ADDRESSED HIS APPEAL AT THE POLITICAL LEVEL. MOBUTU HAS BEEN WILLING TO TOE THE LINE OF REFORM ONLY TO THE EXTENT THAT HE HAS BELIEVED HE HAD NO OTHER CHOICE. HE PROBABLY NOW HOPES THAT HIS SUCCESS IN SHABA WILL GIVE HIM THE POLITICAL CLOUT TO OBTAIN ASSISTANCE WITHOUT PERFORMANCE STRINGS ATTACHED.

E. NO ONE WILL GAIN IF MOBUTU IS ABLE TO SUCCEED IN THIS. EVEN IF GREATLY INCREASED RESOURCES WERE FORTHCOMING, THEY WOULD NOT BRING ECONOMIC RECOVERY WITHOUT THE DISCIPLINED MANAGEMENT WHICH THE IBRD AND IMF ARE ATTEMPTING TO INSTILL. THEREFORE, IF NEW ASSISTANCE IS FORTHCOMING, SAY FROM SAUDI ARABIA, IT IS IMPORTANT THAT SUCH ASSISTANCE BE COORDINATED WITHIN THE CONSULTATIVE GROUP. WE
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DOUBT THAT ANY OF ZAIRE'S TRADITIONAL DONORS WILL BE ABLE TO INCREASE SIGNIFICANTLY THEIR ASSISTANCE TO ZAIRE. IN THE SHORT RUN, THE MOST PRESSING NEED IS TO IMPROVE THE GOZ'S ABILITY TO PRODUCE "BANKABLE PROJECTS" FOR WHICH IT CAN ATTRACT FOREIGN ASSISTANCE. THE GOZ'S INVESTMENT BUDGET PREPARED FOR THE CONSULTATIVE GROUP (KIN 5263) SHOWED THAT WHILE THE RHETORIC OF AGRICULTURAL DEVELOPMENT HAD TAKEN HOLD, THE GOZ HAD NOT YET DEVELOPED MANY VIABLE AGRICULTURAL PROJECTS. FOR THIS REASON THE USG HAS OFFERED TO FINANCE AGRICULTURAL SECTOR STUDIES REQUIRED FOR AN AGRICULTURAL SUB-GROUP MEETING OF THE CG TO REVIEW GOZ ACTIONS AND CONSIDER IMMEDIATE STEPS GOZ AND DONORS MIGHT TAKE. IN CONVERSATIONS, AID DIRECTOR HAD WITH THE GOZ PLANNING HEAD MULAMBA AFTER THE CG MEETING, WE HAVE LEARNED THAT GOZ HAS ALREADY STARTED WORK FOR "MINI-CONSULTATIVE GROUP MEETINGS" HERE IN KINSHASA AND IS PREPARING FOR THE SUB-GROUP MEETING IN AGRICULTURE.

3. RE OTHER SUGGESTIONS OFFERED FOR AID TO ZAIRE, USG IS ALREADY PROVIDING BALANCE OF PAYMENTS LOANS TO ZAIRE AND IS IN THE PROCESS OF CONSIDERING A Z3.0 MILLION COUNTERPART LOAN TO SOFIDE. WE WOULD EXPECT TO CONTINUE EFFORTS IN THESE AREAS. WE DOUBT, HOWEVER, THAT USG WOULD WISH TO PARTICIPATE IN FUND (REF A) TO COMPENSATE THOSE, MOSTLY BELGIANS, WHO LOST PROPERTY DURING ZAIRIANIZATION.

4. FIRST TEST OF CREDITOR/DONOR RESPONSE TO MOBUTU'S CALL FOR A "MARSHALL PLAN" WILL COME AT PARIS CLUB. WE THINK DEPARTMENT'S POSITION (REF E) IS SOUND AND HOPE THAT OTHER CREDITORS WILL AGREE. WE SHOULD BE AWARE, HOWEVER, THAT AS FRENCH AND BELGIANS BEGIN TO REALIZE THAT IT WILL BE DIFFICULT TO GET LEGISLATIVE SUPPORT IN THEIR GOVERNMENTS FOR INCREASED AID TO ZAIRE, THEY MAY BE TEMPTED TO TURN TO GENEROUS, MULTI-YEAR DEBT RELIEF (ATTRACTIVE AS IT WOULD NOT NECESSITATE BUDGETARY APPROPRIATIONS) AS A POLITICALLY LOW-COST WAY OF RESPONDING TO MOBUTU'S REQUEST FOR A "MARSHALL PLAN." THESE TEMPTATIONS SHOULD BE RESISTED, PARTICULARLY SINCE MOBUTU SEEMS TO CONSIDER HIS "MARSHALL PLAN" AS AN ALTERNATIVE TO THE DISCIPLINE AND OVERSIGHT ASSOCIATED WITH IMF AND THE IBRD ASSISTANCE. CUTLER
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